OFFICE

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

Juan Aviles, Dianna and Gary Burkeen, Frank and Danielle D'Andrea, Timothy and Pamela Kelly, Richard Manno, Carmen Mercado, and Dawn and Steve Sanchez,

Plaintiffs,

- against -

Norton Law Group LLC, the Law Offices of Kyle Norton P.C., Kyle Eric Norton, and Kevin O'Rourke,

Defendants.

Index No. _____
Date Purchased:

Plaintiffs designate Nassau County as the place of trial

The basis of venue is CPLR 503(a)

A plaintiff's personal residence and domicile is in Nassau County

SUMMONS

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TO THE ABOVE-NAMED DEFENDANTS:

Individual defendants Kyle Eric Norton and Kevin O'Rourke and corporate defendants Norton Law Group LLC and the Law Offices of Kyle Norton P.C.,

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiffs' attorney(s) listed below within twenty days after the service of this summons, exclusive of the day of service, or within thirty days after the service is complete if this summons is not personally delivered to you within the State of New York. In case of your failure to answer, judgment will be taken against you by default for the relief demanded in the complaint. The basis of the venue designated is the personal residence and domicile of Frank and Danielle D'Andrea, which is Nassau County, New York.

Date: August 24, 2012
New York, NY

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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

Juan Aviles, Dianna and Gary Burkeen, Frank and Danielle D'Andrea, Timothy and Pamela Kelly, Richard Manno, Carmen Mercado, and Dawn and Steve Sanchez, Plaintiffs, - against - Norton Law Group LLC, the Law Offices of Kyle Norton P.C., Kyle Eric Norton, and Kevin O'Rourke, Defendants.	Index No. **VERIFIED COMPLAINT** **JURY TRIAL DEMANDED**

Plaintiffs Juan Aviles, Dianna and Gary Burkeen, Frank and Danielle D'Andrea, Timothy and Pamela Kelly, Richard Manno, Carmen Mercado, and Dawn and Steve Sanchez, (collectively, "Plaintiffs"), by their attorneys Linda H. Mullenbach[1] and Meredith Horton, on behalf of the Lawyers' Committee for Civil Rights Under Law (the "Lawyers' Committee"), and Davis Polk & Wardwell LLP ("Davis Polk") as and for their complaint against Norton Law Group LLC, the Law Offices of Kyle Norton P.C., Kyle Eric Norton, and Kevin O'Rourke (collectively, "Defendants"), hereby allege the following based upon personal knowledge as to Plaintiffs and their own acts and documents, and information and belief as to all other matters based upon, *inter alia*, the investigation conducted by and through Plaintiffs' attorneys, which

[1] Application for pro hac vice admission pending.

included, but was not limited to, interviews of Plaintiffs and other homeowners who have had contact with Defendants, public court filings, and information readily obtainable on the Internet.

PRELIMINARY STATEMENT

1. Defendants Kyle Norton and Kevin O'Rourke, principal and chief deputy, respectively, of Norton Law Group LLC and the Law Offices of Kyle Norton P.C. (collectively, "Norton Law Group"), are in the business of negotiating loan modifications for homeowners in financial distress. The service they offer is rather simple: in exchange for an up-front fee of several thousand dollars, Defendants offer to negotiate with a homeowner's mortgage lender and persuade the lender to adjust the terms of the homeowner's mortgage loan. The homeowners seeking this kind of assistance are overwhelmingly lower- and middle-income families caught in the national collapse of the housing market. These homeowners are typically desperate, unable to afford their mortgage payments, but hopeful that their homes might be saved.

2. At the onset of the relationship, Defendants lay out an attractive offer. Defendants tell the homeowners that they have been tremendously successful in obtaining loan modifications for similarly situated homeowners, achieving success rates in the overwhelming majority of cases (sometimes as high as 98% of cases). Defendants assure the homeowners that the negotiation process will take, at most, a matter of months.

3. In addition, Defendants make statements that induce the homeowners to stop paying their current mortgages, arguing that the banks will grant more favorable modifications to those behind on their payments. The homeowners trust such statements as the counsel of their lawyer.

4. The Defendants present the homeowners with a contract. For some clients, the contract specifies only a flat fee. For others, the contract describes the fee for services as a legal retainer, but the homeowners are nevertheless told orally that the amount is still a flat fee. In all cases, the homeowners are assured that the modification will be accomplished for no more than the amount set forth in the contract.

5. The contract also states that the homeowners shall not, on threat of voiding the contract and forfeiting some or all of their payments, contact their lenders. Defendants state that they need to handle all negotiations and that they cannot allow the homeowners and lenders to speak directly. The homeowners agree, comfortable that they now have legal counsel to negotiate on their behalf. The effect is to conceal Defendants' scheme.

6. As soon as the homeowners become clients, they enter a process that can only be described as a black box. They submit their financial documentation to Defendants, but never learn what kind of documentation was submitted to the financial institution on their behalf or if documentation has been submitted at all. Seeking updates, they call Defendants, who often fail to answer the phone. Attorney Kyle Norton is rarely, if ever, available. The office personnel, and even office locations, change frequently.

7. On the occasions when communication does take place, the homeowners are only vaguely told that matters are progressing and that Defendants are negotiating on their behalf. Homeowners cannot check on the status of the negotiations, however, as they are forbidden from communicating with their lenders. Although the homeowners often go deeper into default and move closer to foreclosure, they rely on the belief that their attorney-negotiator is making progress toward a modification.

8. Regardless of the lack of progress, the homeowners often are sent bills over and above the original fee. The homeowners refuse to pay the new fees, noting the initial assurances that the fee was a flat rate. Despite the protests, larger bills continue to arrive.

9. Some clients eventually receive modification offers, although the terms of the offers generally pale in comparison with the original representations of the Defendants. Most, however, receive no offer at all or find themselves in foreclosure. Once disappointed, the homeowners contact their lenders and ask for an update on Defendants' negotiations. Shockingly, the homeowners find out that Defendants did next to nothing in terms of negotiation. The homeowners realize that their contractual inability to contact their lenders served to veil the lack of work done by the Defendants and inhibited their chances of ever receiving a modification.

10. In addition to the thousands of dollars that the victims lose in up-front fees, they suffer a variety of other damages, including bank fees and penalties, reduced credit scores, increased borrowing costs, and the risk of foreclosure. Those who stopped paying their monthly mortgage payments find themselves in default, thus disqualifying them from certain federal assistance programs. Families already facing significant financial strain are pushed to the breaking point.

11. Across the country, the pernicious nature of such schemes has attracted the scrutiny of advocates, legislators, law-enforcement officials, and regulators. A coordinated national campaign – the Loan Modification Scam Prevention Network ("LMSPN") – was created to strengthen the fight against these scammers. Led by the Lawyers' Committee, the Homeownership Preservation Foundation, Fannie Mae, and Freddie Mac, LMSPN includes

members of the U.S. Department of Housing and Urban Development ("HUD"), the U.S. Department of the Treasury, and the Federal Trade Commission ("FTC").

12. Plaintiffs seek redress for Defendants' intentional and negligent practices in violation of the New York General Business Law § 349 ("Deceptive Acts and Practices"); New York General Business Law § 350 ("False Advertising"); New York Banking Law § 590 ("Registration of Mortgage Brokers"); and other statutory and common-law claims.

13. By this action, Plaintiffs seek to permanently enjoin Defendants from the deceptive practices alleged herein. Plaintiffs also seek to recover a monetary sum totaling not less than $126,980 together with prejudgment interest at the statutory rate of 9% per annum, as well as other actual and consequential damages. These damages include, but are not limited to, payments made to Defendants, the loss of equity in some Plaintiffs' homes, fees from their mortgage lenders or servicers resulting from heeding Defendants' improper advice to stop paying their mortgages, the effects of impairment on their credit ratings, and the costs associated with foreclosure proceedings, where relevant.

JURISDICTION AND VENUE

14. This Court has personal jurisdiction over Defendants pursuant to New York Civil Practice Law and Rules ("CPLR") § 301 because Defendants reside and/or are doing business within the State of New York.

15. Venue is proper in Nassau County pursuant to CPLR § 503(a) because at least one party resides in Nassau County.

THE PARTIES

Plaintiffs

16. Juan Aviles is a resident of the State of New York and resides at 12 Cheryl Lane, North Babylon, NY 11703. Mr. Aviles also owns another house, at 458 55th Street, Brooklyn, NY 11220, in which his grandmother lived until she recently passed away. Mr. Aviles works as a project manager in the construction industry.

17. Richard Manno is a resident of New York State and resides at 152 East Lakewood Street, Patchogue, NY 11772. Mr. Manno owns two properties: one house at 24 Strafford Street, Mastic, NY, and another house at 958 Beach Lake Highway, Beach Lake, PA. Mr. Manno works as an auto mechanic.

18. Frank and Danielle D'Andrea (collectively the "D'Andreas") are residents of the State of New York and reside at 22 Miller Road in Farmingdale, New York 11735. Mr. D'Andrea is a police officer in Nassau County; Mrs. D'Andrea is a nurse at South Nassau Hospital.

19. Dawn and Steve Sanchez (collectively the "Sanchezes") are residents of the State of New York and reside at 600 Thorn Street, North Babylon, NY 11703. Mrs. Sanchez is a homemaker; Mr. Sanchez works in construction.

20. Carmen Mercado is a resident of the State of New York and resides at 4437 Express Drive North, Ronkonkoma, NY 11779. Ms. Mercado works as a nurse.

21. Dianna and Gary Burkeen (collectively the "Burkeens") are residents of the State of New York and reside at 39 Apple Street, Central Islip, NY 11722. Mrs. Burkeen is a nursing assistant; Mr. Burkeen is a truck driver.

22. Timothy and Pamela Kelly (collectively the "Kellys") are residents of the State of New York and reside at 36 Dale Drive, Oakdale, NY 11769. Mr. Kelly is an instructor at Dowling College in Oakdale, NY; Mrs. Kelly is a special education teacher at Islip High School in Islip, NY.

Defendants

23. Defendant Kyle Eric Norton ("Norton") is an attorney registered in the State of New York.

24. Upon information and belief, Norton is a principal partner, owner, director, officer, manager and/or agent of Norton Law Group.

25. Prior to founding Norton Law Group, Norton was an employee of American Modification Agency Inc. ("Amerimod"), where he provided loan modification services.

26. On information and belief, Amerimod was shut down after the New York Attorney General successfully brought proceedings permanently enjoining it from violating Executive Law § 63(12) and General Business Law §§ 349-d and 350 by engaging in fraudulent, deceitful and illegal practices. *See People v. Amerimod Inc.*, No. 402032/09, 2010 N.Y. Misc. LEXIS 2433 (N.Y. Sup. Ct. Apr. 7, 2010).

27. At all relevant times, Norton engaged in business activities in the State of New York, engaged in the practice of law, and offered loan modification services to consumers.

28. On information and belief, Norton is not registered as a mortgage broker with the New York State Banking Department.

29. Upon information and belief, at all relevant times, defendant Kevin O'Rourke ("O'Rourke") was an owner, director, officer, manager and/or agent of Norton Law Group. At all relevant times, O'Rourke engaged in business activities in the State of New York, offering loan modification services to consumers.

30. Upon information and belief, O'Rourke is not an attorney registered in the State of New York.

31. Upon information and belief, O'Rourke is not registered as a mortgage broker with the New York State Banking Department.

32. Defendant Norton has operated several law offices in Long Island and has frequently changed the locations, names, and corporate form of the entities at these offices.

33. Although Plaintiffs were clients of Norton Law Group, they usually received no notice of the changes of office location.

34. Based on a review of public records, and on information and belief, Norton first registered the Norton Law Group LLC as a limited liability corporation in October 2006, with an address at 68 East Suffolk Avenue, Central Islip, NY 11722. While Norton Law Group LLC was in operation between 2006 and 2010, it also conducted business under the names "Norton Law Group PLLC," "Law Office of Kyle Norton," and "Kyle Norton Law Office." While Norton Law Group LLC was in operation, it moved offices on several occasions, subsequently operating out of locations in Baldwin, NY, Farmingdale, NY, and Oakdale, NY.

35. The Norton Law Group LLC dissolved in October 2010. It was replaced by the Law Offices of Kyle Norton, P.C., which Kyle Norton had registered in May 2010. The Law Offices of Kyle Norton, P.C. has an address different from Kyle Norton's previous office

locations; it is registered at 1377 Long Island Motor Parkway, Suite 305, Islandia, NY 11749, and also has offices at 2 Penn Plaza, Suite #1500, New York, NY 10121, and 1225 Franklin Avenue, Suite #325, Garden City, NY 11530.

36. Defendants solicit business through radio advertisements, television advertisements, and other means. Defendant Norton Law Group LLC previously operated a website at http://www.nortonlawgroup.com. Defendant Law Offices of Kyle Norton, P.C. currently operates a website at http://www.doyouknowagoodlawyer.com.

37. On information and belief, the advertisements generally state that Norton can help homeowners lower their mortgage payments, lower their interest rates, and stay in their houses.

38. On a scale of A+ to F, the Better Business Bureau of Metropolitan New York (the "BBB") gives Defendant Norton Law Group a failing "F" grade, with more than thirty complaints lodged against the company in the past three years. See "Norton Law Group," BBB Business Review, http://www.bbb.org/NYC/business-reviews/loan-modification/the-norton-law-group-in-oakdale-ny-106929/ (last visited July 16, 2012). Ripoff Report, an online portal for consumers who believe they have been scammed, contains additional complaints against Defendants. See "Ripoff Report," http://www.ripoffreport.com/directory/Norton-Law-Group.aspx (last visited July 16, 2012).

FACTUAL BACKGROUND

39. The facts are set forth in two sections: Section I provides a description of the contracts offered by Defendants, and Section II recounts Plaintiffs' individual experiences with Defendants.

Section I: Defendants' Service Agreements

40. Over the course of the relevant period, Defendants offered at least three different service agreements to clients and potential clients. While Norton was still employed at Amerimod (before the Attorney General of the State of New York shut it down), his clients signed a service agreement with Amerimod (the "Amerimod Agreement," as described below). Norton transitioned some of these Amerimod clients into his new private practice, the Norton Law Group, while retaining the Amerimod Agreement. Defendants then developed a new client agreement, offered in May 2009 (the "May 2009 Agreement," as described below), that largely mirrored the provisions of the Amerimod Agreement but contained additional provisions that aided Defendants in seeking additional fees from clients and made it more difficult for clients to obtain refunds. On or around September 2009, Defendants substantially modified their client agreement again (the "September 2009 Agreement," as described below), this time expressly stating that all up-front fees paid by clients were nonrefundable.

The Amerimod Agreement

41. The Amerimod Agreement required that clients pay a flat, up-front fee equal to 1% of the outstanding mortgage balance that the client sought to have modified. The contract did not treat the fee as a retainer; rather, it explicitly stated a sum equal to the client's "total fee."

42. The Amerimod Agreement also set forth terms for a refund of the fee. In the event that Amerimod was not successful in modifying the client's mortgage, the client would be entitled to a refund of 80% of the fee.

43. The Amerimod Agreement expressly stated that Amerimod made no guarantee as to the outcome of the matter and stated that Amerimod would keep the client "apprised as to the

status of your modification." It also required clients to "exterminate all communications" with their lenders unless expressly authorized by Amerimod, as failure to do so could jeopardize Amerimod's negotiations with the lenders. The agreement further stated that any communications between the client and their lender constituted a "breach" of the agreement that "voids the aforementioned return policy."

The May 2009 Agreement

44. In addition to the Amerimod Agreement, the Norton Law Group has used at least two different retainer agreements to engage loan modification clients. These retainer agreements have made it progressively easier to extract fees from clients before the Norton Law Group performs any work. An agreement offered in May 2009 (the "May 2009 Agreement") specified a minimum fee equal to the greater of 1% of the outstanding mortgage balance or a fixed dollar amount. Unlike the Amerimod Agreement, the May 2009 Agreement treated the client's fee as a retainer, stating that "[t]he retainer is to be applied to our time charges."

45. The May 2009 Agreement also set forth terms for a refund of the fee. The contract stated that if the attorney-client relationship terminated before completion of the loan modification, and if the total legal fees billed were less than the minimum fee amount, the client would be entitled to a refund of the fee, less a "fair and reasonable" fee to compensate the Norton Law Group for the work it actually performed prior to termination. If, however, legal fees were greater than the client's minimum fee amount, the client was not entitled to any refund.

46. The May 2009 Agreement expressly stated that the Norton Law Group made no guarantee that the attempt to modify the clients' loans would be successful and stated that the Norton Law Group would keep clients generally apprised of the status of the modification. It

also required clients not to contact their lenders during the negotiation process, "as this may destroy [the Norton Law Group's] efforts in helping [clients] in the negotiation process."

The September 2009 Agreement

47. Soon after, the Norton Law Group substantially modified its retainer agreements for loan modification clients. A new retainer offered in September 2009 (the "September 2009 Agreement") made it far easier than the May 2009 Agreement for the Norton Law Group to extract a full fee from its clients, regardless of the quality of the legal services it provided.

48. The September 2009 Agreement specified that the minimum fee for the loan modification services was $5,000. It also specified Kyle Norton's billing rate as $500 per hour, associate attorneys' billing rate as $300 per hour, and paralegals' billing rate as $150 per hour. Despite this hourly fee structure, the September 2009 Agreement specified that certain portions of the fee would be deemed earned upon reaching certain milestones in the modification process. The contract contained the following table, showing what portion of the fee was earned at each milestone:

a. Consultation review and structuring of file for submission—50%

b. Submission of authorization—60%

c. Submission of financials to bank—90%

d. Stopping sale date—100%

e. Loss mitigation offer counsel and review for client—100%

49. The September 2009 Agreement described the minimum fee as a retainer, stating that legal fees would be "billed against your retainer," and that "[c]lient may be charged

additional fees once retainer runs out." It also contained the following clause: "Client below understands they will receive no refund when perform our services" (sic) (emphasis added). The clause states that the retainer is nonrefundable regardless of the amount of work that the Norton Law Group actually devoted to the loan modification.

50. Nonrefundable retainers are illegal under New York law, because they coerce a client into keeping an attorney as counsel regardless of that attorney's performance. In the Matter of Edward Cooperman, 591 N.Y.S.2d 855 (N.Y. App. Div. 1993).

51. Apart from the billing provisions described above, the September 2009 Agreement contained terms that were largely similar to the May 2009 Agreement. One significant difference, however, was that the September 2009 Agreement laid out an expected time frame for the modification, stating that "the process takes between zero and ninety days but can take over a year in some instances."

Section II: Facts Relating to Plaintiffs' Experiences with Defendants

(a) Timothy and Pamela Kelly

52. Timothy and Pamela Kelly are residents of the State of New York and reside at 36 Dale Drive, Oakdale, NY 11769. Tim Kelly is an instructor at Dowling College in Oakdale, NY; Pam Kelly is a special education teacher at Islip High School in Islip, NY.

53. At all times relevant to this complaint, the Kellys had one mortgage on their home. The mortgage was signed in 1995 and is now serviced by Bank of America. The mortgage has a 30-year term and a fixed interest rate.

54. In the summer of 2009, the Kellys were having difficulties making their mortgage payments. Tim Kelly began researching mortgage modification on the Internet and came across the Norton Law Group's website in the course of his research.

55. Mr. Kelly had also seen advertisements for the Norton Law Group on Channel 12. These advertisements stated, in part, that the Norton Law Group was among the largest and most successful mortgage modification firms in the region.

56. After seeing these advertisements and reviewing the Norton Law Group's website, Tim called the Norton Law Group to set up a consultation.

57. At this consultation, the Kellys met with Defendants Kyle Norton and Kevin O'Rourke. The Kellys told Norton and O'Rourke that they were having trouble making their mortgage payments and hoped to take advantage of new homeowner relief programs offered by the government.

58. Norton told the Kellys that he was very experienced in obtaining loan modifications and could reduce the principal and the interest rate on their mortgage.

59. Norton told the Kellys to stop making their mortgage payments.

60. Norton told the Kellys not to contact their mortgage lender and to forward all communications from the lender to him. The terms of the retainer agreement that the Kellys signed also prohibited contact with their mortgage lender.

61. Norton said that he could obtain a modification within 90 days. He said that the Kellys needed to pay a $5,000 retainer fee, but that he could likely complete the modification for less than that, and that the total cost to the Kellys would likely be less than $5,000.

62. Mr. Kelly asked Norton at this initial meeting whether a mortgage modification firm was permitted to ask for retainer fees; Norton responded that the retainer was required to cover "administrative costs."

63. On August 28, 2009, the Kellys signed a retainer agreement with the Norton Law Group. That agreement is identical to the September 2009 Agreement described in Section I of the Factual Background portion of this Complaint. Mr. Kelly withdrew $2,000 from his pension fund to make the first payment to Norton that day; the Kellys paid the remainder of the retainer over the next several months, and had paid the full $5,000 by December 2009.

64. The Kellys had brought financial documentation to the initial meeting with Norton; they left copies of those documents at the office after signing the retainer.

65. On August 31, 2009, Norton sent a letter to the Kellys asking for certain additional financial documentation. The Kellys promptly provided those documents to the Norton Law Group.

66. After the Kellys had paid the full $5,000 retainer, they waited for further contact from Norton. During this time, they continued to make their mortgage payments despite Norton's advice to the contrary.

67. Because Mr. Kelly's office was located near the offices of the Norton Law Group, he would often visit the Norton Law Group to check on the status of the modification and to try to talk to Norton. When he went to the office, Norton was never available, and no employee had any specific knowledge of his modification.

68. Approximately five months after the Kellys signed the retainer agreement—during which time they received no updates or information from the Norton Law Group—they

began receiving bills for additional payments due. Beginning in December 2009, the Kellys received numerous bills, sometimes receiving two in one day, for services purportedly in excess of the $5,000 they had already paid to Norton Law Group.

69. Between December 2009 and June 2010, the Kellys paid the bills they received from the Norton Law Group.

70. Forced to choose between paying these additional bills sent by the Norton Law Group and making their mortgage payments, the Kellys fell behind on their mortgage payments, and began to receive warnings from Bank of America.

71. Concerned by these warnings and by Norton Law Group's lack of communication, the Kellys called Bank of America to inquire about their mortgage modification in or around March 2010.

72. The Bank of America representative informed the Kellys that, aside from a single representation letter, Norton Law Group had made no contact with Bank of America and had made no effort to modify the Kellys' mortgage.

73. On March 10, 2010, the Kellys arranged a meeting with Norton to discuss the revelation that Norton Law Group had not been in contact with Bank of America. Despite making an appointment in advance, Norton did not see the Kellys until 90 minutes after their scheduled meeting time.

74. During this meeting, the Kellys asked Norton why Norton Law Group had not been in contact with Bank of America. The Kellys also asked Norton why the modification had taken longer than 90 days and why they had received bills from the Norton Law Group for work that clearly was not being done.

75. In response, Norton became angry that the Kellys had contacted their lender. He told the Kellys that the modification was proceeding normally and not to worry. Norton claimed that Bank of America was "confused" about the facts and that Norton Law Group was in fact performing work on the modification. Norton also said that Bank of America frequently lost track of communications with borrowers and their representatives and suggested that the Kellys' experience with Bank of America was common.

76. Several days later, Norton sent a letter to the Kellys further admonishing them for contacting their mortgage lender. In the letter, Norton noted that the Kellys had received "conflicting information from Bank of America" and that the retainer signed by the Kellys "expressly prohibits contacting your lender, for this exact reason."

77. After the March 10 meeting with Norton, the Kellys continued to receive bills from the Norton Law Group and phone calls from employees demanding payment.

78. Despite Norton's anger at the March 10 meeting, and his subsequent letter, the Kellys continued to remain in contact with Bank of America. The Kellys repeatedly asked the Bank of America representatives with whom they spoke whether the Norton Law Group was performing any work on the modification; the answer was always no.

79. Despite giving Norton the financial documentation he had requested after the Kellys had signed the retainer, Norton Law Group did not forward those documents to Bank of America, and the Kellys had to resend those documents directly to Bank of America.

80. In June 2010, Bank of America offered the Kellys a trial payment program based on the Kellys' ongoing discussions with Bank of America.

81. Even after Bank of America offered the Kellys the trial payment program, the Norton Law Group continued to send bills for purported review of their documents and negotiation with Bank of America.

82. Upon receiving these bills, Mr. Kelly asked employees at the Norton Law Group why the Norton Law Group was still working on the modification after Bank of America had offered the Kellys a trial payment program. These employees responded that the bills reflected ongoing "administrative costs."

83. After continuing to receive bills from the Norton Law Group after Bank of America had offered the Kellys the trial payment program, Mr. Kelly called the Norton Law Group to terminate the representation.

84. Mr. Kelly was told that the Kellys had a final balance due of $2,500; he offered to pay $800 to end the relationship, which the Norton Law Group accepted.

85. Even after Mr. Kelly had terminated representation, employees from the Norton Law Group contacted the Kellys asking them to forward the trial payment program application and supporting documentation to their office. The Kellys declined to do so, worried that they would be providing the Norton Law Group with the pretense to generate more bills, and also concerned that the Norton Law Group would fail to properly and timely submit the required documents to Bank of America.

86. The total amount of payments made by the Kellys to the Norton Law Group was not less than $9,735.

(b) Juan Aviles

87. Juan Aviles owns a house at 12 Cheryl Lane, North Babylon, NY 11703, in which he resides with his wife Jackelene Aviles ("Jackie," and collectively with Juan, the "Avileses"). Mr. Aviles works as a project manager in the construction industry.

88. Additionally, Mr. Aviles owns a house at 458 55th Street, Brooklyn, NY 11220. His grandmother lived in this latter house until she passed away in 2011. The house was originally owned by Mr. Aviles' grandmother and his mother. After taking ownership of the house, Mr. Aviles took out a 30-year mortgage on the house to help his grandmother and himself pay their bills. The mortgage was initially provided by a subsidiary of Fremont General Corporation, then serviced by Litton Loan Servicing ("Litton"), and is now serviced by Ocwen Loan Servicing, LLC ("Ocwen").

89. Prior to his involvement with Amerimod and the Norton Law Group, Mr. Aviles had made timely mortgage payments for all the mortgages on each of his properties.

90. Mr. Aviles first learned about Amerimod when an Internet search by his wife Jackie Aviles yielded a website for the "American Modification Agency" and a 1-800-number.

91. Mr. Aviles called the 1-800-number on the website and spoke to a person named Danny. Danny told Mr. Aviles that a good friend of his worked near Juan's home and could help him obtain a mortgage loan modification for Mr. Aviles' mortgage on his grandmother's home. That good friend was Kyle Norton.

92. In May 2008, Mr. Aviles met with Norton and an Amerimod coworker named Joe Safina ("Safina") at an office in Central Islip. Norton gave Mr. Aviles an Amerimod business card but told Mr. Aviles that he was in the process of setting up his own law group.

93. At that meeting, Mr. Aviles told them that he was paying a mortgage on his grandmother's house, and that he was concerned he would have difficulty making payments in the future because the company he was working for was having financial difficulties and he had about a 12% interest rate on his loan. Mr. Aviles told Norton and Safina that he and his wife Jackie did not live in the house. Norton and Safina responded to Mr. Aviles that this would not be a problem and that his loan satisfied the requirements of both New York's "Predatory Lending Act" and a "special section" of the federal Home Affordable Modification Program ("HAMP"). Norton told Mr. Aviles that he could guarantee Mr. Aviles would qualify for an interest rate in the range of 4%.

94. On information and belief, Mr. Aviles' mortgage qualified under neither New York's antipredatory lending laws nor under HAMP.

95. At the same initial meeting, Norton and Safina also told Mr. Aviles that they would complete his application within 45 days or he would get 80% of his money back. They also told Juan that his fee was a flat fee. They said that he could pay 25% up front, then 25% later, followed by the final 50%, but that if he paid the full amount immediately, the process would go faster because they could immediately start working on his file.

96. Mr. Aviles signed the contract during that initial meeting and paid in full in cash on the same day. The contract Mr. Aviles signed is identical to the document described as the Amerimod Agreement in Section I of the Factual Background portion of this Complaint. He paid the Norton Law Group 1% of the value of his outstanding mortgage, or $3,410.

97. The promised 45-day deadline came and went. Mr. Aviles attempted to call Norton and Safina after the deadline had passed, but they would rarely answer their phone.

When someone was available, it would always be Safina. Each time Mr. Aviles called, Safina told Mr. Aviles that he and Norton had submitted Mr. Aviles' documents to the bank and were waiting for a response.

98. Approximately two months after their initial meeting, Safina asked Mr. Aviles for new financial documents because, according to Safina, the bank had allegedly lost the documents that Juan had previously sent Safina. Mr. Aviles sent over his financial documents again and waited for news.

99. About four to five months after Mr. Aviles initial meeting with Norton and Safina, Mr. Aviles called his then-mortgage servicer, Litton, and asked if it had obtained any of his financial documents. Litton told him that it had not. Mr. Aviles contacted Norton but Norton told him not to worry because he was personally working with a negotiator at the bank and the customer service representative to whom Juan spoke at the bank would not know that.

100. After about six months, Mr. Aviles' wife Jackie Aviles began frequently calling Norton's office for a status update, and was repeatedly reassured that the Norton Law Group was working toward modifying her mortgage but was told that additional documents were needed and that she should send them over. Each time, the Avileses would send over the required documents, but when Mrs. Aviles would call back later, she would be told more documents were needed.

101. Mr. Aviles continued to pay his mortgage until February 2009 when, on Norton's advice, Mr. Aviles stopped paying the mortgage. Norton explained that his continuing to pay his mortgage payments on time was why Mr. Aviles thus far had been unable to obtain a loan modification—because the banks would not be willing to give him a better deal when he was

paying on time. At that point, at Norton's instigation, Mr. Aviles skipped his February and March 2009 mortgage payments. Norton had told Mr. Aviles that he could skip a month or two of payments because he was going to get a loan modification.

102. In March 2009, Mr. Aviles received a notice of default from Litton in the mail. Mr. Aviles personally went to Norton's office to talk to Norton. The receptionist told Mr. Aviles that Norton was not in, but Mr. Aviles saw Norton in the rear of the building and demanded that he speak to him. Mr. Aviles confronted Norton, and Norton explained that what caused the delay in Mr. Aviles' loan modification application was that Safina had left Amerimod, and Norton had just given Mr. Aviles' case to somebody else. He told Mr. Aviles that he would be in touch. Mr. Aviles took Norton at his word. When Mr. Aviles told Norton about the notice of default and asked if he should pay the mortgage payment, Norton told him not to do so.

103. After having received the notice of default in March 2009, Mr. Aviles resumed his monthly mortgage payments in April 2009, despite Norton's advice.

104. Sometime thereafter, Mrs. Aviles went to Norton's office in Central Islip because no one would pick up the phone. She found that the office had been abandoned. Someone working next door told her that Norton had moved his office to Oakdale. No one at Norton's office had notified the Avileses that he was moving.

105. Mr. Aviles then tracked down Norton at his new Norton Law Group office in Oakdale. When Mr. Aviles attempted to confront Norton, Norton told him that he would give Mr. Aviles his money back if he wished, but that he had finally just reached a loan modification agreement with Mr. Aviles' mortgage provider and was about to contact Mr. Aviles. Mr. Aviles again took Norton at his word.

106. In June 2009, Mr. Aviles received a letter from Litton, thanking him for his inquiry into a loan modification. He took this to be a hopeful sign.

107. In August 2009, however, Litton rejected Mr. Aviles' loan modification application because he was too far behind on his payments, having skipped two months in March and April 2009. Mr. Aviles confronted Norton about the situation. Norton said that Mr. Aviles' application for a loan modification was rejected because Mr. Aviles' house was an "investment property," but that there were more loan modification programs available and Norton could continue to work for them.

108. In November 2009, Litton sent Mr. Aviles a letter telling him that he did not qualify for a loan modification and that his house would be foreclosed. Shortly thereafter, Norton called Mr. Aviles and told him that Litton had a loan modification offer. The Avileses then went to the Norton Law Group's office, where Norton told them that Litton was offering a repayment plan and that that was Litton's only offer. Norton told them that if they did not take the offer, the matter would go to court and he would not be able to represent them.

109. In December 2009, Mr. Aviles' house was in foreclosure. That month, Mr. Aviles settled with Litton, agreeing to pay $10,000 immediately, followed by about $500 per month in addition to their regular mortgage payment in 2010, and then an additional $10,000 balloon payment in December 2010. Mr. Aviles paid the initial $10,000 and the additional $500 per month in addition to his regular 2010 mortgage payments, but was unable to pay the full $10,000 balloon payment in December 2010.

110. After the settlement, Norton sent Mr. Aviles additional bills claiming that Mr. Aviles owed Norton over $4,000 in additional fees. Mr. Aviles never paid those bills and

complained to Norton about being sent bills for fees he did not owe. Norton responded that the bills were a mistake and Mr. Aviles did not need to pay them.

111. Mr. Aviles never received a modification on his loan. None of Mr. Aviles mortgage balance was forgiven, and he remains in arrears.

112. Norton never refunded the initial $3,410 that Mr. Aviles had paid him despite Mr. Aviles' demand that he do so.

(c) Richard Manno

113. Richard Manno lives in a rental property at 152 East Lakewood Street, Patchogue, NY. Manno works as an auto mechanic.

114. Manno owns four properties, two of which are at issue here: one house at 24 Strafford Street, Mastic, NY, and another house at 958 Beach Lake Highway, Beach Lake, NY.

115. At all times relevant to this Complaint, Manno had one mortgage on his Beach Lake property and two mortgages on his Mastic property. The mortgage on the Beach Lake property was with JPMorgan Chase Bank, N.A. ("Chase") and had a 30-year term. The first mortgage on the Mastic property was with Chase and had a 30-year term; the second mortgage on the Mastic property was with Ocwen and had a 30-year term.

116. Prior to his involvement with the Norton Law Group, Manno had made timely mortgage payments for all the mortgages on each of his properties.

117. Manno first heard about Defendant Norton Law Group through a television advertisement on Channel 12 News in or around September 2009. He called the Norton Law Group and set up an initial appointment for approximately one week later.

118. At this initial meeting, Manno met with Defendants Norton and O'Rourke. Manno told Norton that he hoped to lower the interest rates on the mortgages on the Beach Lake and Mastic properties.

119. Manno told Norton that he did not live in either of the houses and was thus not the owner-occupier of either house.

120. Norton told Manno that the maximum fee for modifying both properties would be $5,000, but that he would try to make it less, if possible, so that the final cost would likely be less than $5,000.

121. O'Rourke told Manno that Manno would qualify for the "Obama program."

122. Norton did not advise Manno that his not living in either property would affect his ability to qualify for the "Obama program."

123. Norton told Manno that he would be able to lower the principal on all of his mortgages.

124. Norton told Manno that it would take approximately eight months for Manno to be accepted into the "Obama program" and that he could modify Manno's mortgages within that time.

125. Norton told Manno that he should immediately stop making his mortgage payments.

126. Norton also told Manno not to contact or otherwise communicate with his mortgage lender because the lender would harass Manno.

127. Manno signed an agreement during this initial meeting. This agreement was identical to the document described as the September 2009 Agreement in Section I of the Factual Background portion of this Complaint.

128. The addresses of both the Beach Lake and Mastic properties were written on the top of the retainer.

129. The retainer that Manno signed forbade him from contacting his mortgage lender and deemed any such communication a breach of contract.

130. At the initial meeting, Manno made a payment to Norton of $1,000.

131. After the initial meeting, Manno sent the Norton Law Group documents related to his financial condition.

132. Manno returned to the Norton Law Group office on a regular basis to make additional payments. During these visits, Manno usually met with O'Rourke, as Norton was unavailable to meet with Manno. Manno frequently asked O'Rourke about the status of the loan modifications and periodically dropped off copies of his updated financial documentation. O'Rourke always assured Manno that the project was progressing well.

133. On information and belief, O'Rourke's statements were false: no employee of the Norton Law Group had been negotiating with Manno's lender.

134. After several months of making payments to the Norton Law Group, Manno had nearly paid the full $5,000 in fees that he and Norton had agreed upon. Just before Manno paid the $5,000 in full, however, he received an additional bill from the Norton Law Group.

135. Manno called the office and asked why he was being billed above the $5,000 described in the contract; O'Rourke responded that the case had gone "into overtime" and blamed the mortgage lender for the delays.

136. Throughout the course of Manno's dealings with the Norton Law Group, he had followed Norton's advice not to make his mortgage payments and not to communicate with Chase, his primary mortgage lender.

137. On Norton's instructions, Manno delivered correspondence from his lenders to Norton's office and refused to talk when the lenders called him directly.

138. In late March 2010, however, Manno inadvertently spoke with Chase and received unexpected news. Coincidentally, Manno was in the waiting room of the Norton Law Group when Chase called. Manno did not recognize the number and answered the call. The Chase representative expressed surprise that Manno had answered, as Manno had not communicated with Chase for several months, pursuant to Norton's advice.

139. Manno explained to the Chase representative that he had been advised by his attorney, Norton, not to communicate with Chase and that Norton was handling the modification negotiations. The Chase representative then informed Manno that Chase had no knowledge of any modification to Manno's loans and was not in contact with any attorney working for Manno.

140. Surprised by the response of the Chase representative, Mr. Manno asked the representative whether any member of the Norton Law Group had ever contacted Chase. Upon reviewing his files, the representative informed Manno that the Norton Law Group had contacted Chase only twice throughout the representation: a single letter (possibly a third-party authorization letter) and a single telephone call.

141. The Chase representative also informed Manno that because of the lapse in payments—a lapse that Norton had recommended to Manno—both the Beach Lake and Mastic properties were in foreclosure.

142. Manno, having just discovered that his two properties were in foreclosure because the Norton Law Group had done nothing to advance his loan modifications despite taking the $5,000 and billing Manno for additional fees, confronted O'Rourke about these revelations.

143. O'Rourke replied that the Chase representative was lying.

144. O'Rourke also indicated that, because Manno's two properties were in foreclosure, Manno would have to pay "thousands and thousands" of dollars in additional legal fees to the Norton Law Group.

145. Manno left the office immediately. In the next week, Manno filed a formal complaint with the State of New York Grievance Committee for the Tenth Judicial District.

146. Once the Grievance Committee complaint was filed, O'Rourke claimed in writing that Manno had failed to submit adequate financial documents—an accusation that he never made prior to the complaint before the Grievance Committee.

(d) Frank and Danielle D'Andrea

147. Frank and Danielle D'Andrea are residents of the State of New York and reside at 22 Miller Road in Farmingdale, New York. Mr. D'Andrea is a police officer in Nassau County; Mrs. D'Andrea is a nurse at South Nassau Hospital in Oceanside, NY.

148. At all times relevant to this Complaint, the D'Andreas had two mortgages on their home. The first mortgage was signed in August 2007 with Somerset, then sold to Countrywide,

and later transferred to Bank of America. It has a 30-year term and a 10-year interest-only period, after which the payments would increase to include amortization of the principal. The second mortgage was signed in November 2007 with GE Money and sold to Green Tree Servicing ("Green Tree"). The second mortgage has a 30-year term and, unlike the first mortgage, a fixed interest rate.

149. In early 2009, the D'Andreas were in dire financial straits. They were struggling to make payments on both their mortgages, and, in July 2009, their collective income was scheduled to drop by 10%. The D'Andreas attempted to refinance their interest-only first mortgage, but their application was denied. In desperation, the D'Andreas started using credit cards to make mortgage payments and pay their property taxes.

150. Despite their financial difficulties, as of April 2009, the D'Andreas were current on all their mortgage payments and non-credit-card-related bills. Their credit ratings were both excellent.

151. Mr. D'Andrea first heard about defendant Norton Law Group in or around March or April 2009. He heard their advertisement on the radio offering loan modification services.

152. Shortly after hearing a radio advertisement, Mr. D'Andrea called the Norton Law Group and set up an appointment. A few weeks later, in April 2009, the D'Andreas met with Kyle Norton—the principal of the Norton Law Group—and Ray Verdi, another attorney who worked at the Norton Law Group. During their meeting, Norton made various representations.

153. Norton told the D'Andreas that he would assist them in obtaining a loan modification.

154. Norton said he would obtain a loan modification for the D'Andreas by taking advantage of new government programs.

155. Norton said that he could obtain a loan modification within 45 to 90 days.

156. Norton said that he would get the D'Andreas a fixed-rate mortgage.

157. Norton said that the fixed-rate mortgage would have a 2% interest payment.

158. Norton said he would be able to reduce the D'Andreas mortgage debt.

159. Norton said he would be able to reduce the debt on the D'Andreas' second mortgage and on their credit cards by 80%.

160. Norton said that his success rate with loan modifications was near 98%.

161. A few weeks later, the D'Andreas signed an agreement with Kyle Norton; it is identical to the document described as the May 2009 Agreement in Section I of the Factual Background portion of this Complaint. The retainer was signed by both Frank and Danielle D'Andrea. The final page of the agreement was stamped by Kyle Norton rather than signed. The pages are individually initialed by both Kyle Norton and Mr. D'Andrea.

162. The retainer called for a fee of $4,500. The retainer agreement was to be paid in seven installments. The D'Andreas paid each installment of the $4,500, satisfying the retainer agreement by or around August 13, 2009.

163. At the initial meeting, Norton told the D'Andreas that the $4,500 called for in the retainer agreement was a flat fee. Norton told them that the fee would cover modification of the D'Andreas' first mortgage and consolidation of their second mortgage and credit card debt.

164. At the initial meeting, the D'Andreas authorized Norton to speak to their lenders on their behalf.

165. At the initial meeting, Norton told the D'Andreas that the Norton Law Group would negotiate with their lenders on their behalf.

166. After signing the retainer agreement, Norton gave the D'Andreas specific instructions. Norton told the D'Andreas to fall behind on their monthly mortgage payments, explaining that they would not get rewarded for continuing to make their mortgage payments and that the new government programs were designed for people who were behind on their mortgage payments. Norton told the D'Andreas that it would make his job easier if the D'Andreas fell behind on their mortgage payments.

167. Norton also instructed the D'Andreas not to contact their lenders and to refer all communications from their lenders to his office. The retainer agreement that the D'Andreas signed barred them from contacting their lenders.

168. The D'Andreas were uncomfortable about falling behind on their mortgage payments, but they reluctantly took Norton's advice and stopped making payments on their first mortgage. They did, however, continue to pay the second mortgage and their credit cards bills.

169. After the initial meeting, the D'Andreas sent the Norton Law Group documents related to their financial condition, including pay stubs and W-2 forms.

170. In the months that followed the signing of the retainer, the D'Andreas repeatedly called Norton's office looking for information on the status of their loan modification.

171. Each time they called, the D'Andreas spoke to a different employee, each one telling them that Norton would get back to them. Norton, however, rarely returned their phone

calls. When the D'Andreas spoke to these employees on the phone, the employees frequently asked the D'Andreas to send in updated financial information.

172. On or about October 2009, Norton answered one of the D'Andreas' phone calls.

173. During this phone conversation, Mr. D'Andrea told Norton that he was still paying the second mortgage. Norton told D'Andrea to stop paying the second mortgage and his credit card bills.

174. The D'Andreas took Norton's advice and stopped paying the second mortgage.

175. In the months after the D'Andreas stopped paying their mortgage payments, both Bank of America and Green Tree sent them notices stating that their accounts were in arrears. The D'Andreas did not respond to their lenders because their retainer agreement with Kyle Norton barred them from contacting their lenders.

176. Norton told the D'Andreas that their lenders would try to trick them into saying damaging things, that their conversations with the lenders would be recorded, that the recordings could be used against them at a later hearing, and that calling the lenders would impede his work on their behalf.

177. Employees of the Norton Law Group represented that they were negotiating with the D'Andreas' lenders on their behalf.

178. On information and belief, employees of the Norton Law Group were not negotiating on the D'Andreas' behalf and contacted the D'Andreas' lenders on alarmingly few occasions.

179. In November 2009, Bank of America sent the D'Andreas a trial plan concerning their mortgage.

180. Kyle Norton did not bring this trial plan to the attention of the D'Andreas, and, on information and belief, Bank of America did not send this plan to the Norton Law Group.

181. The trial plan offered a three-month trial period with a payment of $800 more than their original mortgage payment. On information and belief, this trial plan was a prelude to setting up a loan modification. The due date for accepting the plan was December 5, 2009.

182. Upon receiving the plan, Mr. D'Andrea frantically tried to reach Norton to get advice on whether to accept the trial plan. After 24 hours of unreturned phone calls, Mr. D'Andrea finally reached Norton.

183. Mr. D'Andrea told Norton that he and his wife couldn't afford the proposed payments. Norton responded to him that this was just the bank's first offer and told Frank that the offer should be refused. Norton said that the Norton Law Group would refuse the offer and would resubmit the modification application, and that after resubmission, the bank would offer better terms.

184. The D'Andreas followed Norton's advice and asked him to refuse the offer on their behalf and resubmit the loan modification application paperwork.

185. Months later, in May 2010, after the D'Andreas had discharged Norton, they met with a loan counselor at Novadebt. Novadebt called Bank of America on the D'Andreas' behalf.

186. The Bank of America representative told Mr. D'Andrea and Novadebt that no one from the Norton Law Group had ever responded to the bank regarding the trial plan and that the D'Andreas' application had been rejected because no one responded to the trial plan. The Bank

of America representative stated that Norton never resubmitted paperwork relating to the D'Andreas' loan modification.

187. On or about March 5, 2010, O'Rourke contacted the D'Andreas.

188. O'Rourke said that Green Tree, the holder of the D'Andreas' second mortgage, had offered the D'Andreas a 50% reduction in both the interest rate and principal of their second mortgage loan.

189. O'Rourke said that the offer was time sensitive and that he needed to respond to Green Tree by March 10, 2010, five days later.

190. On information and belief, the letter from Green Tree was dated sometime in February 2010.

191. Mr. D'Andrea discussed the offer with his wife and they agreed that they should accept the offer. That same day, the D'Andreas signed the Green Tree offer papers and faxed them to the Norton Law Group.

192. Over the next few days, Mr. D'Andrea repeatedly called the Norton Law Group to check that his fax had been received and that the acceptance had been conveyed to Green Tree.

193. Mr. D'Andrea received no response from the Norton Law Group.

194. On Tuesday, March 9, 2010, Mr. D'Andrea went to the Norton Law Group's Oakdale office to see whether the papers had been filed. Mr. D'Andrea spoke to a woman named Adrianna, but she was not able to provide any answers about the Green Tree offer.

195. While Mr. D'Andrea was at the Oakdale office, he personally delivered the Green Tree offer papers to ensure that the Norton Law Group had them. Because Norton was

unavailable at the time, Mr. D'Andrea left the papers with Adrianna with a note for Norton to contact Mr. D'Andrea as soon as possible.

196. In the weeks that followed, Mr. D'Andrea called the office repeatedly and left many messages. Neither Norton nor O'Rourke ever responded to his phone calls.

197. Approximately three weeks later, Mr. D'Andrea met with Norton in Norton's office. During this meeting, Norton told D'Andrea that the acceptance was never sent to Green Tree. Norton told Mr. D'Andrea that Green Tree had withdrawn the offer as a result. During this meeting, Norton did not offer any explanation for why the acceptance was not conveyed to Green Tree. Rather, Norton suggested that the failure to mail in the acceptance might turn out for the best and suggested that Green Tree might write off the loan entirely.

198. On information and belief, Bank of America denied the D'Andreas' loan modification application in April 2010. The Norton Law Group did not inform the D'Andreas that the modification had been denied.

199. On information and belief, no representative of the Norton Law Group contacted Bank of America following the rejection.

200. In or about May 2010, Bank of America wrote the D'Andreas to inform them that the bank would seek a short sale of their Farmingdale home in lieu of foreclosure.

201. Mr. D'Andrea faxed the Bank of America letter to Norton to seek advice. The Norton Law Group did not respond to his fax or any follow-up phone calls. After not receiving any responses to his phone calls, Mr. D'Andrea went to Norton's office to talk to Norton in person, but Norton was not there, despite scheduling an appointment with Mr. D'Andrea beforehand.

202. On or about May 10, 2010, Mr. D'Andrea sent a certified letter to Norton dismissing him as the D'Andreas' representative. The letter requested return of the D'Andreas' paperwork and a refund of the money paid to Norton. The D'Andreas did not receive a response.

203. On or about June 12, 2010, Mr. D'Andrea sent a letter reiterating the requests in his May letter.

204. On or about June 12, 2010, Mr. D'Andrea filed a complaint against the Norton Law Group with the State of New York Attorney Grievance Committee for the Tenth Judicial District (the "Grievance Committee").

205. On or around June 12, 2010, Mr. D'Andrea filed a complaint against the Norton Law Group with the Better Business Bureau.

206. On or around late June 2010, Norton sent the D'Andreas a bill for an additional $3,977.00.

207. According to the invoice, the bill reflected services rendered between November 2009 and March 2010.

208. At no point prior to June 2010 did the Norton Law Group mention any expenses owed over and above the $4,500 paid in the initial retainer; the bill for additional fees arrived only after the D'Andreas dismissed the Norton Law Group, requested a refund, and filed a complaint with the Grievance Committee.

209. On November 18, 2011, the Grievance Committee officially admonished the Norton Law Group, stating the following: "After deliberation, the Committee found the attorney's conduct constituted a breach of the Lawyer's Code of Professional Responsibility and the Rules of Professional Conduct, eff. 4/1/09, and directed that an ADMONITION be issued to

the attorney for, among other things, his failure to professionally and adequately represent you, failure to adequately communicate with you, failure to adequately supervise non-attorneys within his employ, and for generally engaging in conduct adversely reflecting on his fitness as a lawyer with respect to your legal matter."

(e) Dawn and Steve Sanchez

210. Dawn and Steve Sanchez are residents of the State of New York and reside at 600 Thorn Street, North Babylon, NY 11703. Mrs. Sanchez is a homemaker and Mr. Sanchez works in construction.

211. At all times relevant to this Complaint, Mrs. Sanchez had one mortgage on the Sanchezes' home, serviced by IndyMac Bank, which later became a division of OneWest Bank. The Sanchezes failed to make several payments on this mortgage, and, on September 1, 2009, they were served a summons for foreclosure proceedings in Supreme Court of Suffolk County. Several days later, they received a forbearance agreement from the lender; the agreement offered to suspend foreclosure proceedings for six months and impose a smaller payment obligation for that time period.

212. On or about the first week of September 2009, Mr. Sanchez heard an advertisement for the Norton Law Group on Radio B103. The Norton Law Group advertised itself as a low-cost loan modification company that would help homeowners save their homes.

213. On or about the second week of September 2009, the Sanchezes visited the Norton Law Group at their office in Central Islip, NY, for a consultation regarding their mortgage.

214. Upon information and belief, at their first meeting and several subsequent meetings, the Sanchezes were led to believe that O'Rourke was Norton, the attorney at the firm.

215. When the Sanchezes first arrived at the office, the secretary greeted them and told them that Norton would see them shortly. When it was time to meet, the secretary announced that Norton would see them at that time. The office they entered was Norton's—his name was on the nameplate on the desk and his law school diploma and other credentials decorated the office. The man who greeted them in the office did not introduce himself by name. After several meetings at the office, the Sanchezes discovered that the man with whom they had been meeting was in fact O'Rourke, not Norton.

216. At their first meeting, on or about the second week of September 2009, O'Rourke told the Sanchezes that he would be able to modify the current interest-only loan into an interest-and-principal loan with a lower interest rate.

217. O'Rourke said he would be able to negotiate a new loan with monthly payments covering both principal and interest.

218. O'Rourke said that the Norton Law Group had an extremely high success rate in its loan modification business.

219. He told the Sanchezes that in their case he was sure that if a loan modification was not successful, he would be able to help them in another way.

220. O'Rourke stressed that the Sanchezes would need an attorney to represent them with their lender in order to be successful.

221. He told them that it would take anywhere between thirty and ninety days to obtain a loan modification for them.

222. The Sanchezes did not retain the Norton Law Group at this time.

223. On or about September 15, 2009, approximately one week after the initial meeting, the Sanchezes returned to the Norton Law Group to sign an agreement. They met with O'Rourke at the offices of the Norton Law Group for that purpose. The agreement they signed is identical to the document described as the September 2009 Agreement in Section I of the Factual Background portion of this Complaint.

224. The agreement called for a fee of $3,500.00.

225. Norton's name was printed on the agreement and the amendment thereto.

226. O'Rourke made several verbal representations to the Sanchezes during this meeting.

227. He represented that the cost of the services would be a single flat fee of $3,500.00.

228. He told the Sanchezes that additional funds over and above the flat fee of $3,500.00 might be required only if they needed services in connection with a sale date.

229. He also verbally outlined the services that they could expect to receive from the Norton Law Group under the contract, including submission of their documentation to the bank for loan modification and negotiation with the bank on their behalf.

230. Finally, he reiterated that the Sanchezes should not make any contact with their lender. He specified that they should not even answer any phone calls from their lender.

231. O'Rourke also told the Sanchezes that the lender would not be able to foreclose on their home because they had an attorney.

232. The Sanchezes called attention to the forbearance agreement that they had received from their bank. O'Rourke advised the Sanchezes to complete the forbearance agreement and to continue making the required payments on time.

233. The Sanchezes later completed, signed, and returned the forbearance agreement to their lender on their own.

234. At this meeting, on or around September 14, 2009, Steve submitted a cash payment of $1,000.00 to the Norton Law Group and provided Norton Law Group with documents related to their financial condition.

235. The Sanchezes made several subsequent payments. On or about September 24, 2009, Mr. Sanchez submitted a cash payment of $1,000.00. On or about November 4, 2009, Mrs. Sanchez submitted a payment of $500.00 to the Norton Law Group by check. And on or about December 14, 2009, Mr. Sanchez submitted a payment of $500.00 by check.

236. On information and belief, at some time between October and December 2009, the Sanchezes made an additional $500.00 payment to the Norton Law Group.

237. Between September and December 2009, the Sanchezes called the Norton Law Group on several occasions to check on the status of the negotiations. On one occasion, an employee named Dennis responded to their phone call by asking them to send in financial documents again, which they did.

238. In mid-December 2009, the Sanchezes received an invoice stating that they owed the Norton Law Group money over and above the amount of the retainer. This invoice was received on or around December 14, 2009.

239. Mr. Sanchez visited the office and disputed the new bill.

240. Mr. Sanchez met with O'Rourke, who annotated a recent invoice to reflect that the Sanchezes had paid the full $3,500 fee.

241. Mr. Sanchez said that he would not pay the Norton Law Group one cent more than the $3,500, as O'Rourke had represented that amount as a flat fee.

242. O'Rourke said that the billing system was "screwed up."

243. Despite the December 2009 conversation with O'Rourke, the Sanchezes would receive bills every few months.

244. The Sanchezes called the Norton Law Group several times to dispute the bills they were receiving, but had great difficulty reaching anyone who could give them an answer. Throughout this time, the Sanchezes also had great difficulty obtaining any information regarding the status of negotiations with their lenders.

245. On or about February 2010, the Sanchezes' forbearance agreement with their lender came to an end. Upon the completion of the forbearance agreement, the lender sent the Sanchezes a set of paperwork to fill out. The paperwork went to the Sanchezes' house, not to the Norton Law Group.

246. Around the time that the forbearance agreement ended, Mrs. Sanchez contacted their lender to determine what the Norton Law Group had been doing on their behalf.

247. The lender said that the bank had received a bank authorization from the Norton Law Group to speak on their behalf on October 30, 2009.

248. The agent she spoke with informed her that the lender had not been contacted by the Norton Law Group at any other time.

249. The Sanchezes called the Norton Law Group and spoke to O'Rourke. They told O'Rourke that they learned that the Norton Law Group had not actually negotiated on their behalf. Steve demanded that O'Rourke do the job for which he was paid.

250. O'Rourke said that he was doing work "behind the scenes."

251. The Sanchezes filled out the paperwork that they received from the bank and brought it to the Norton Law Group a few days later. They left the paperwork with Leah Priceman, a legal assistant, who asked the Sanchezes to return a few days later. Mrs. Sanchez returned, signed a tax form, and Priceman mailed the paperwork to the lender.

252. On or about March 2010, the Sanchezes received a loan modification offer from their lender following the successful completion of the forbearance agreement. The offer was sent to the Sanchezes' home, not to the Norton Law Group. The terms of the loan modification were specified in the application, and the only action required of the Sanchezes was to accept or reject the offer.

253. On or about March 2010, the Sanchezes called the Norton Law Group to discuss the lender's offer.

254. As before, Norton was not available. O'Rourke, however, advised the Sanchezes not to accept the offer and to wait for a better offer.

255. O'Rourke said again that he had been negotiating vigorously on their behalf behind the scenes at the lending institution.

256. Still shocked at learning from their lender that no one from the Norton Law Group had been negotiating on their behalf, the Sanchezes decided that O'Rourke was not trustworthy

and ignored his advice. They signed the modification papers and mailed them to the bank on their own.

257. On or about April 29, 2010, after receiving yet another bill, Mrs. Sanchez sent a written letter to the Norton Law Group officially terminating their services and disputing the bill.

(f) Carmen Mercado

258. Carmen Mercado is a resident of the State of New York and resides at 4437 Express Drive North, Ronkonkoma, NY 11779. Mercado works as a licensed practical nurse.

259. At all times relevant to this Complaint, Mercado had one 30-year mortgage on her home, through Continental. Continental eventually sold the mortgage to Countrywide Mortgage, which in turn sold it to Bank of America.

260. In early 2009, Mercado fell behind on her mortgage payments. In April 2009, Mercado received notice from Bank of America that her mortgage payments were several months in arrears. Several days later, she heard an advertisement for the Norton Law Group on WALK radio, saying Norton helped people save their homes by obtaining loan modifications. She called Norton Law Group and set up an initial appointment.

261. At this initial meeting, Mercado met with Norton and told him about the notice she had received from Bank of America.

262. Norton told Mercado that he would get her into the government's HAMP program.

263. Norton told Mercado that he could lower her monthly mortgage payment to $1,600 per month.

264. Norton told Mercado that he had helped hundreds of people in similar situations and would help her as well.

265. Norton told Mercado that his total fee for the loan modification would be $3,100.

266. Norton described this as a "set fee."

267. On information and belief, Mercado signed a retainer agreement with the Norton Law Group, but she cannot locate her copy.

268. During the initial meeting, Norton advised Mercado that it would be easier to modify her loan if she stopped making any mortgage payments.

269. Norton instructed Mercado to forward to his office any letters sent to her from Bank of America.

270. Norton repeatedly instructed Mercado not to communicate directly with Bank of America and that doing so would void the contract between them.

271. Norton told Mercado that he and his office would negotiate with her lender on her behalf.

272. Two days after the meeting, Mercado delivered to the Norton Law Group office a packet of her financial materials, including bank statements, tax returns, and utility bills.

273. Mercado did not have any contact with the Norton Law Group for approximately three weeks following her delivery of the financial material, at which point a staff member named Lauren called Mercado at home. Lauren told Mercado that all work on her loan modification had ceased because Mercado had not made any payments to the Norton Law Group. Mercado told Lauren that she had not been told when the payment was due.

274. In response to Lauren's telephone call, Mercado immediately obtained a money order for $1,000 and delivered it to the Norton Law Group on June 1, 2009.

275. On information and belief, Mercado made an additional cash payment in June or July of approximately $600.

276. Mercado then made two additional payments of $266 on July 30, 2009 and August 10, 2009. After making those two payments, O'Rourke suggested to Mercado that she set up an automatic payment plan to pay the balance of the fees owed to the Norton Law Group. O'Rourke and Mercado agreed that the Norton Law Group would deduct $266 from Mercado's bank account weekly until the balance of the fees was paid.

277. As reflected in her December 2009 invoice from the Norton Law Group, Mercado fully paid her $3,100 retainer.

278. In contravention of the automatic payment agreement between Mercado and the Norton Law Group, under which the Norton Law Group would deduct $266 weekly, the Norton Law Group made three unauthorized deductions of $266 in the course of one week for Mercado's final three payments: one on August 27, 2009, one on August 31, 2009, and one on September 4, 2009. The Norton Law Group gave no notice to Mercado of these deductions, and the deductions resulted in six overdraft penalties on Mercado's bank account. Mercado was fined $35 for each overdraft penalty by her bank, for a total of $210.

279. Surprised and upset about the unauthorized transactions, Mercado went to the Norton Law Group's office for an explanation.

280. O'Rourke apologized and promised that the Norton Law Group would reimburse Mercado for the overdraft penalties.

281. The Norton Law Group has never reimbursed or credited Mercado for the $210 in overdraft penalties.

282. In the months that followed the signing of the retainer, Mercado periodically called the Norton Law Group office looking for information on the status of her loan modification but was unable to speak to Norton or otherwise obtain any information other than vague assurances that the Norton Law Group was negotiating with her lender.

283. Because Mercado was not making her monthly mortgage payments, Mercado started receiving foreclosure notifications from Bank of America.

284. In late August, Mercado attempted to meet with Norton to discuss the progress of the modification and the foreclosure notices.

285. Mercado's first attempt at meeting with Norton failed because, upon arriving at the office where she had previously visited the Norton Law Group, a sign indicated that the Norton Law Group had changed its office location. The Norton Law Group had not notified Mercado of its change in location.

286. Mercado went to the location of the new office, where she again attempted to meet with Norton. At the new office location, Mercado encountered Norton.

287. Norton told Mercado that he had not yet obtained a modification but would continue to negotiate with her lender in order to achieve a modification.

288. Shortly thereafter, Mercado received notification from Bank of America that her modification had been denied. She returned to the Norton Law Group office in September or October and informed Norton of the denial.

289. Norton told Mercado that there were numerous other modification programs for which she qualified and that he would continue working on the modification.

290. On information and belief, employees of the Norton Law Group were not negotiating on Mercado's behalf and had contacted Mercado's lender on very few occasions.

291. Mercado subsequently received an invoice on or around December 7, 2009, for an additional $712.50 in fees over and above the $3,100 called for in the retainer, stating that "[y]our original retainer fee has exceeded the maximum hours agreed to on your case [sic]."

292. Mercado believed this was an error, as she was told by Norton that her contract with the Norton Law Group was for a flat fee.

293. On December 14, 2009, approximately a week after receiving the invoice, Mercado received a call from O'Rourke asking her to come to the Norton Law Group office immediately.

294. Believing that the Norton Law Group had obtained a loan modification for her, Mercado rushed to the office.

295. Upon arriving at the Norton Law Group office, O'Rourke confronted Mercado about the purported outstanding balance of $712.50.

296. O'Rourke told Mercado that the Norton Law Group would stop all work on her loan modification unless Mercado paid the additional $712.50.

297. Mercado told O'Rourke that her agreement with the Norton Law Group was covered by a set fee and asked O'Rourke to explain what work the Norton Law Group had completed to justify the $712.50 in fees above the set rate.

298. O'Rourke told Mercado that her house would be foreclosed upon unless she paid the $712.50 balance.

299. Mercado told O'Rourke that she would not give them any more money. Mercado left the Norton Law Group office without paying the $712.50 balance.

300. Over the course of the following months, the Norton Law Group continued to send Mercado invoices for fees—including more than $1,000 covering the two weeks following her confrontation with O'Rourke.

301. By the end of March 2010, Norton invoices stated that Mercado owed $2,283.33 in additional fees.

302. The Norton Law Group never again communicated with Mercado about the status of her modification, though it continued to send bills for purported new work done on her file.

(g) Dianna and Gary Burkeen

303. Dianna and Gary Burkeen are residents of the State of New York and reside at 39 Apple St. in Central Islip, NY. Mrs. Burkeen is a nursing assistant; Mr. Burkeen ("Gary") is a truck driver.

304. At all times relevant to this Complaint, the Burkeens had one mortgage on their home. The mortgage was signed in 1997 with Option One and serviced by American Home Mortgage Service. The mortgage had a 30-year term and a fixed interest rate.

305. In early 2009, the Burkeens were having difficulty making ends meet. Mr. Burkeen had lost his job as a trucker, and, as a result, the Burkeens were struggling to make their mortgage payments.

306. In or around April 2009, Mrs. Burkeen heard a radio advertisement for Norton's services. On information and belief, the advertisement was on FM 97.5. The advertisement stated that Norton could help homeowners lower their mortgage payments, lower their interest rates, and stay in their homes.

307. In or around April 2009, Mrs. Burkeen called Norton's office to set up an appointment. Norton told Mrs. Burkeen that he could definitely modify her mortgage and that she should come into the office for a consultation. During this phone call, Norton made several representations.

308. Norton told Mrs. Burkeen that he would modify her mortgage loan and that he had provided similar services for many other people.

309. Norton said that he could obtain the modification within three to five months. Norton said that it would take this long to obtain the modification because he had to negotiate with the mortgage lender.

310. Norton said that he had a very high success rate in obtaining loan modifications.

311. Norton said that his fee for obtaining the loan modification was $2,500, and described this as a "flat fee."

312. Norton told Mrs. Burkeen that he needed the Burkeens' financial documents, including pay stubs and bank stubs.

313. During this phone call, Mrs. Burkeen told Norton that she and Mr. Burkeen were two or three payments behind on their mortgage. Norton responded by telling Mrs. Burkeen not to attempt to make the back payments on the mortgage. Throughout the Burkeens' relationship with the Norton Law Group, they followed this advice.

314. During the phone call, Norton also instructed Dianna not to speak to her lender and to refer all communications from the lender to Norton's office. Throughout the Burkeens' relationship with the Norton Law Group, they followed this advice.

315. Following this phone call, Mrs. Burkeen went to the offices of the Norton Law Group to sign a retainer agreement. She asked to see Norton when she was at the office but was told that he was not available.

316. On or around May 2009, Mr. Burkeen visited Norton's office in order to drop off the financial documents that Norton requested. Mr. Burkeen gave Norton paperwork relating to his mortgage and Norton told Mr. Burkeen that he would be able to lower their payment and keep the Burkeens in their home.

317. On June 9, 2009, Mrs. Burkeen went to Norton's office to pay half of the $2,500 fee. She made this payment by check.

318. In July 2009, Mrs. Burkeen paid the remaining $1,250 of the fee in two payments.

319. Over the next five to six months, once the Burkeens had paid the $2,500 in full, all communications between Norton and the Burkeens were initiated by the Burkeens. The Burkeens frequently called to check on the status of their case; Norton's office never initiated contact. When the Burkeens received a response (typically, by Gary Riddick, a paralegal), the updates were merely vague assurances that the Norton Law Group was working on the case.

320. During these phone calls, Riddick would often mention that the Burkeens had bills outstanding. Mrs. Burkeen responded by noting that Norton had told her the $2,500 was a flat fee. Riddick responded that such an arrangement was "impossible."

321. On or around the beginning of 2010, the Burkeens started receiving bills from the Norton Law Group. Once the bills started arriving, employees started calling the Burkeens' home about once or twice a week, but only to demand payment of the new bills.

322. During these phone calls, the Burkeens would ask for information on their case; the response was always that Norton was working on it, at which point they would be transferred to the billing department.

323. During one of these conversations, around the time that the extra bills starting arriving, Gary Riddick asked for the same financial documents that Mr. Burkeen had already delivered at the outset of their relationship with Norton. Mr. Burkeen responded by reminding Riddick that the Burkeens had already provided those documents to Norton.

324. In the interest of expediting the loan modification, Mrs. Burkeen dropped these duplicative documents off at Norton's Oakdale office. Mrs. Burkeen was unable to speak with anyone knowledgeable about the loan modification when she was there.

325. By summer 2010, with no loan modification in sight and no contact from the Norton Law Group except for demands for payment of fraudulent bills, the Burkeens decided to terminate their relationship with the Norton Law Group. Mrs. Burkeen sent a letter to the Norton Law Group dismissing Norton as the Burkeens' attorney. She also called the office to confirm the dismissal.

326. After the Burkeens dismissed Norton as their attorney, they continued to receive bills from the Norton Law Group.

327. Also in summer 2010, the Burkeens decided to address the modification on their own. The Burkeens attended a loan modification forum hosted at the Nassau Coliseum and

spoke to both Option One, their bank, and Novadebt, a nonprofit debt counselor. Novadebt negotiated with Option One on behalf of the Burkeens, and, in September 2010, Option One modified the loan.

FIRST CAUSE OF ACTION

(Violation of N.Y. Gen. Bus. Law § 349 (the "Deceptive Practices Act"))

(By All Plaintiffs Against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke)

328. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

329. Defendants "conducted a business" or "furnished a service" as those terms are defined in N.Y. Gen. Bus. Law § 349 (the "Deceptive Practices Act").

330. Defendants knowingly and willfully violated the Deceptive Practices Act by engaging in acts and practices that were misleading in a material way, unfair, deceptive, and contrary to public policy and generally recognized standards of business.

331. These deceptive practices include but are not limited to:

a. Overcharging Plaintiffs despite prior representations concerning the nature of the Defendants' fee structure;

b. Misrepresenting that Defendants would engage in negotiations with the Plaintiffs' mortgage lenders or servicers, and violating Plaintiffs' expectations by subsequently failing to do so;

c. Misrepresenting that Defendants would provide prompt services, and violating Plaintiffs' expectations by subsequently failing to do so;

d. Misrepresenting Defendants' level of success in performing loan modification services;

e. Misrepresenting that Defendants would be readily available to address the Plaintiffs' questions and concerns, and violating Plaintiffs' expectations by subsequently failing to do so;

f. Misrepresenting the progress of loan modification applications;

g. Encouraging Plaintiffs to stop paying their monthly mortgage payments and/or communicating with their lenders or servicers; and

h. Permitting a non-attorney to pose as an attorney during client interviews.

332. Plaintiffs suffered damages as a proximate result of Defendants' deceptive acts, including, but not limited to, the cost of their up-front and subsequent payments to Defendants, and various accrued costs, fees, penalties, and consequential damages as a result of Defendants' misrepresentations and other deceptive practices. Plaintiffs would have commenced negotiations with their lender for a loan modification with lower monthly payments at an earlier date had Defendants' deceptive practices not delayed their efforts.

333. Defendants' deceptive scheme originated in New York, involved communications and statements made in New York, and injured Plaintiffs in transactions that occurred in New York.

334. Defendants' practices have had and may continue to have a broad impact on consumers throughout New York State.

335. Defendants' statements and actions described hereinabove entitle Plaintiffs to increased damages and attorneys' fees and injunctive relief under N.Y. Gen. Bus. Law § 349(h).

SECOND CAUSE OF ACTION

(Violation of N.Y. Gen. Bus. Laws §§ 350, 350-a ("False Advertising"))

(By All Plaintiffs Against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke)

336. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

337. Defendants' promotion, marketing, and advertising of their services are misleading in a material respect, are deceptive, and are directed at the general public and consumers within the State of New York.

338. Such promotion, marketing, and advertising include statements made in person, in writing, by Internet communication, by radio, by television, and over the phone to Plaintiffs regarding the costs, timing, nature, and efficacy of Defendants' services.

339. Defendants' services have been, and continue to be, advertised and sold within the State of New York.

340. Defendants' false advertising, marketing, and promotion described hereinabove intentionally, deliberately, willfully, or knowingly deceive the public and consumers, confuse or

are likely to confuse the public and consumers, and materially mislead consumers as to the nature, characteristics, and/or qualities of Defendants' services.

341. Consumers have reasonably relied and/or are likely to reasonably rely upon these misrepresentations in making purchase decisions and have been injured and damaged and are likely to be further injured and damaged when their expectations are not met based on Defendants' statements and actions described hereinabove in violation of N.Y. Gen. Bus. Laws §§ 350, 350-a.

342. A reasonable consumer acting reasonably under the circumstances would have believed, as Plaintiffs did, that Defendants' statements made in person, online, in printed materials, and over the phone regarding the costs, timing, nature, and efficacy of Defendants' services were truthful.

343. Plaintiffs' damages include, but are not limited to, the cost of their up-front and subsequent payments to Defendants, and various other costs, fees, penalties, and consequential damages accrued as a result of Defendants' misrepresentations and other deceptive practices, after having reasonably relied upon Defendants' misrepresentations concerning their offered services in making their purchasing decision.

344. Defendants' misrepresentations relating to the cost, timing, nature, and efficacy of their services include but are not limited to the following:

a. That Defendants' services would be prompt;

b. That Defendants had a high success rate in obtaining loan modifications;

c. That Defendants would be able to obtain a low interest rate for Plaintiffs; and

d. That Defendants would negotiate on behalf of Plaintiffs.

345. Defendants' statements and actions described hereinabove entitle Plaintiffs to increased damages, reasonable attorneys' fees, and injunctive relief under N.Y. Gen. Bus. Law § 350-e.

THIRD CAUSE OF ACTION

(Violation of N.Y. Banking Law § 590 ("Registration of Mortgage Brokers"))

(By All Plaintiffs Against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke)

346. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

347. Under N.Y. Banking Law § 590(2)(b), entities or individuals that "engage in the business of soliciting, processing, placing or negotiating mortgage loans for others, or offering to solicit, process, place or negotiate mortgage loans for others" must register as "mortgage brokers" with the superintendant of the New York State Banking Department ("NYSBD").

348. Defendants were in the business of "negotiating" or "offering to . . . negotiate" the "terms or conditions" of a mortgage loan on behalf of third parties, as those terms are defined in N.Y. State Banking Law § 590(1)(d).

349. In the course of soliciting Plaintiffs to hire Defendants to perform loan modification services, Defendants represented that they would negotiate the terms and conditions of Plaintiffs' mortgages, including, but not limited to, those terms relating to the Plaintiffs' interest rates and monthly loan payments. Defendants also collected information, such as Social

Security numbers, income, and debt, which would be sufficient to render a credit decision. Defendants communicated these representations in various forms, including print and electronic advertisements, telephone calls, letters, e-mails, and facsimile transmissions.

350. To the extent that Defendants actually performed the services they promised to undertake on behalf of Plaintiffs, Defendants participated in negotiations regarding the terms and conditions of Plaintiffs' mortgages. Defendants' efforts to negotiate with mortgage lenders on behalf of the Plaintiffs included, but were not limited to, electronic and telephonic communications with mortgage lenders regarding Plaintiffs' monthly loan payments.

351. At all relevant times, Defendants were not registered with the NYSBD, even though Defendants provided or offered to provide the services of a mortgage broker.

352. Defendants' business of "negotiating" or "offering to negotiate" the "terms or conditions" of mortgage loans was not "incidental" to Defendants' "legal practice" as those terms are to be understood under § 590(2)(b), and Defendants' loan modification business was not otherwise exempt from § 590's licensing requirements.

353. Defendants are liable to Plaintiffs for a sum of money not less than the actual fee paid to Defendants and up to four times such sum, as per N.Y. State Banking Law § 598(5).

FOURTH CAUSE OF ACTION

(Violation of N.Y. Real Prop. Law § 265-b (Distressed Property Consulting))

(By All Plaintiffs except Juan Aviles and Richard Manno against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke)

354. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

355. Defendants are "distressed property consultants" within the meaning of N.Y. Real Property Law § 265-b(1)(e).

356. Section § 256-b(1)(c) defines distressed property "consulting services" as efforts to help a homeowner that include but are not limited to "assist[ing] the homeowner to . . . refinance a distressed home loan" and "sav[ing] the homeowner's property from foreclosure.

357. Section 265-b(2) prohibits "distressed property consultants" from engaging in certain activities including, but not limited to, "performing consulting services without a written, fully executed consulting contract with a homeowner," "charging for or accepting any payment for consulting services before the full completion of all such services," "retaining any original loan document," and/or "attempting to induce a homeowner to enter a consulting contract that does not fully comply with the provisions of § 265-b.

358. Section § 265-b(1)(e)(i) contains an exemption for "attorney[s] admitted to practice in the state of New York when the attorney is directly providing consulting services to a homeowner in the course of his or her regular legal practice." To the extent Defendants are attorneys admitted to practice in New York, they did not provide direct consulting services to Plaintiffs in the course of their "regular legal practice."

359. Section 265-b(3) requires that "distressed property consulting contracts" contain several features, which include, but are not limited to, "be[ing] in at least twelve point type," "fully disclos[ing] the exact nature of the distressed property consulting services to be provided," and "fully disclos[ing] the total amount and terms of compensation for such consulting services." In addition, all such contracts must include a full-length "notice" describing the homeowner's rights. On information and belief, the contracts that the Norton Law Group required the Plaintiffs to sign at the beginning of the relationship complied with none of these requirements.

360. Insofar as Plaintiffs own property in New York State, Plaintiffs are "homeowners" within the meaning of § 265-b(1)(a).

361. Insofar as Plaintiffs are or have been at times relevant herein in danger of having their homes foreclosed upon because they have one or more defaults under their respective mortgages that entitle the lender to accelerate full payment of the mortgage and repossess the property, Plaintiffs are mortgagors with "distressed home loans" within the meaning of § 265-b(1)(d).

362. Defendants intentionally or recklessly engaged in conduct that violated § 265-b, by asking for and accepting upfront fees prior to completing any distressed property consulting services, purporting to perform distressed property consulting services without a fully executed consulting contract that complied with § 265-b(3), inadequately disclosing the types of distressed property services to be performed, inadequately disclosing the amount and terms of compensation for the distressed property services to be performed, and failing to provide homeowners with sufficient notice of their rights.

363. Defendants have not provided "direct" legal "consulting services" as part of their "regular legal practice."

364. Plaintiffs are entitled to a trebling of the actual and consequential damages arising from these violations, as well as attorneys' fees and costs, in an amount to be determined at trial.

FIFTH CAUSE OF ACTION

(Breach of Contract)

(By All Plaintiffs Against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke

365. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

366. Plaintiffs entered into contracts with Defendants for loan modification services

367. Plaintiffs performed as obligated under those contracts.

368. Defendants failed to perform their obligations to Plaintiffs as required under the contracts, in that they did not provide the promised loan modification services.

369. Defendants failed to provide refunds to Plaintiffs for any of their fees paid.

370. To the extent, if any, that the written agreements signed by Plaintiffs are purported "retainer" agreements for legal representation, Defendants' breach of these agreements constitutes legal malpractice.

371. Plaintiffs suffered damages and are entitled to recover: (a) the amount paid for Defendants' services, together with prejudgment interest in the amount of 9% per annum; (b) consequential damages arising from the breach, including, but not limited to, costs related to

Plaintiffs' missed mortgage payments, such as late fees and penalties and decreased credit ratings, in an amount to be determined at trial.

SIXTH CAUSE OF ACTION

(Attorney Malpractice)

(By All Plaintiffs Against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke)

372. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

373. Defendants failed to exercise the degree of care, skill, and diligence commonly possessed and exercised by an ordinary member of the legal community.

374. Defendants' failure of care, skill, and diligence includes but is not limited to:

a. Encouraging Plaintiffs to stop paying their monthly mortgage payments;

b. Demanding that Plaintiffs stop communicating with their lenders;

c. Neglecting to provide Plaintiffs with advice when offered modifications by their lenders;

d. Permitting a non-attorney to sign retainers and advise on whether Plaintiffs should accept or reject offers from lenders;

e. Permitting a non-attorney to pose as an attorney during client interviews;

f. Repeatedly assuring Plaintiffs that Defendants had been negotiating with Plaintiffs' lenders and advocating on Plaintiffs' behalf, but failing to do so;

g. Misrepresenting the progress of the loan modification application;

h. Failing to update Plaintiffs on the status of their modifications;

i. Submitting bills to Plaintiffs misrepresenting the work being done on Plaintiffs' accounts; and

j. Issuing nonrefundable retainer agreements.

375. Defendants' statements and actions described hereinabove entitle Plaintiffs to disgorgement of attorneys' fees already paid to Defendants.

SEVENTH CAUSE OF ACTION

(Common Law Fraud)

(By All Plaintiffs Against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke)

376. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

377. Defendants made intentional misrepresentations and/or failed to provide material information, including, but not limited to, the following:

a. Falsely representing to Plaintiffs that they were loan modification specialists;

b. Falsely representing to Plaintiffs at the time of the subject transaction that Defendants would help Plaintiffs reduce their monthly home mortgage payments and obtain the lowest interest rate possible when in fact Defendants intended to take Plaintiffs' money while performing few if any actual services;

c. Falsely representing that Defendants' services would be prompt;

d. Falsely representing that Defendants had a very high success rate in obtaining loan modifications;

e. Purposely concealing this information when contacted by Plaintiffs by intentionally concealing the progress of the loan modification application;

f. Misrepresenting to Plaintiffs that they should cease either paying their mortgage payments or communicating with their lender;

g. Falsely representing to Plaintiffs that Defendants would be in communication throughout the course of the transaction; and

h. Permitting a non-attorney to pose as an attorney during client interviews.

378. Defendants made these representations and omissions knowing that they were false at the time they were made.

379. Defendants offered these statements as fact, not opinion, with the intent to induce Plaintiffs to purchase their loan modification services, to convince Plaintiffs to remain as clients, or to prevent Plaintiffs from learning the true nature of Defendants' scheme.

380. Plaintiffs had a reasonable right to rely and in fact relied on Defendants' representations and omissions of material facts in agreeing to what Plaintiffs believed to be a legitimate loan modification service.

381. Plaintiffs suffered damages as a direct and proximate result of their reasonable and justified reliance on Defendants' intentional misrepresentations and failures to disclose. Plaintiffs' damages include, but are not limited to, the loss of their up-front and subsequent payments to Defendants, as well as the additional fees, costs, and penalties accrued as a result of Defendants' misrepresentations.

382. Defendants' actions were willing, intentional, knowing, and malicious.

383. Defendants are liable to Plaintiffs for (a) actual damages in an amount to be determined at trial; (b) punitive damages in an amount sufficient to prevent others from engaging in similar schemes; (c) costs and disbursements; and (d) attorneys' fees.

EIGHTH CAUSE OF ACTION

(Fraudulent Inducement)

(By All Plaintiffs Against Defendants Norton Law Group, Law Offices of Kyle Norton, Norton, and O'Rourke)

384. Plaintiffs repeat, reiterate, and re-allege each and every allegation set forth above as if the same were set forth particularly and at length herein.

385. Plaintiffs bring these claims for fraudulent inducement with respect to the contracts agreed to with Defendants for the performance of loan modification services.

386. Defendants made untrue statements of material fact and omissions of material fact. Defendants' misleading statements include but are not limited to the following misrepresentations and omissions:

a. That Defendants' services would be prompt;

b. That Defendants had a very high success rate in obtaining loan modifications;

c. That Defendants would be able to obtain the lowest interest rate possible for Plaintiffs;

d. That Defendants would remain in constant contact throughout the modification process; and

e. That Defendants would negotiate on behalf of Plaintiffs with Plaintiffs' lenders.

387. Defendants knew or intended that Plaintiffs would enter agreements based on Defendants' false statements.

388. Plaintiffs reasonably and justifiably relied on the false statements about the cost, speed, nature, and efficacy of Defendants' services.

389. Plaintiffs have been harmed by entering into the contracts in an amount to be determined at trial.

390. Defendants' actions were willful, intentional, knowing, and malicious.

391. Defendants are liable to Plaintiffs for (a) actual damages in an amount to be determined at trial; (b) punitive damages in an amount sufficient to prevent others from engaging in similar schemes; (c) costs and disbursements; and (d) attorneys' fees.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court award judgments in their favor as follows:

(a) enjoin Defendants from engaging in deceptive acts and practices that affect consumers in New York State under N.Y. Gen. Bus. Law. § 349(h);

(b) enjoin Defendants from advertising, marketing or promoting their services and products in a false, materially misleading or deceptive manner in New York State under N.Y. Gen. Bus. Law § 350-c;

(c) return all Plaintiffs' files and personal information;

(d) rescind any and all written agreements or "retainer agreements" between Plaintiffs and Defendants;

(e) on their Causes of Action: Damages of not less than $126,980, plus other actual and consequential damages in an amount to be determined at trial;

(f) punitive damages to the extent permitted by law;

(g) interest at the legal rate on all claims for compensatory damages;

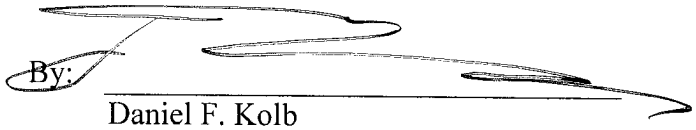
(h) the costs and disbursements of this action;

(i) reasonable attorneys' fees to the extent permitted by law; and

(j) such other and further relief as the Court may deem just and proper.

Date: August 24, 2012
New York, NY

DAVIS POLK & WARDWELL LLP



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VERIFICATION

NEW YORK)
) ss
NEW YORK)

BENJAMIN MILLS, being duly sworn, deposes and says:

I am an associate at Davis Polk & Wardwell LLP ("Davis Polk"). I have read the foregoing Complaint and know the contents thereof, and the allegations contained in the Complaint are true to the best of my knowledge, information, and belief. The sources of my information and the grounds of my belief as to all matters in the foregoing Complaint not therein stated to be upon my personal knowledge are my interviews and interviews that I supervised involving Plaintiffs, my review of Plaintiffs' documents, and my review of the records and court filings involving Defendants.

DATED: Aug. 24, 2012
New York, NY

BENJAMIN MILLS

Sworn to before me this
24th day of August, 2012

Notary Public

DEBBIE JOSEPH
Notary Public, State of New York
No. 01JO6104503
Qualified in Queens County
Certificate Filed in New York County
Commission Expires January 20, 2016